



## THE LIBRARIAN OF CONGRESS

The President of the Senate  
The Speaker of the House of Representatives

SIRS:

It is my pleasure to submit to you the Library's fiscal year 2000 financial statements and accompanying opinion of the independent auditors, Clifton Gunderson L.L.C.

On April 24, 2000, the Library was 200 years old. With a theme of "Libraries, Creativity, Liberty," the Library's Bicentennial provided a unique opportunity to feature its collections, its role in American life, and the importance of libraries in a democratic society as providers of free and open access to knowledge and information.

The Library's Bicentennial gift to the nation was an on-line library of more than five million historically significant digital items that are now available free of charge on the Internet to people wherever they live. More than 120 million Americans, as well as an estimated 300 million people worldwide, now have personal Internet access. The new digital communications era offers this unique institution extraordinary opportunities to achieve new levels of service to the Congress for its legislative work and to citizens' search for information and learning in every congressional district.

For the fifth consecutive year, the independent auditors have issued an unqualified "clean" opinion on the Library's Consolidated Financial Statements. The net cost of the Library's seven major programs totals \$467.2 million. The net cost includes \$51.4 million in costs incurred by four other agencies (i.e., Architect of the Capitol, Government Printing Office, Office of Personnel Management and the Department of the Treasury) in support of the Library's programs. The net cost also includes \$89.1 million in earned revenue from copyright registration fees, cataloging distribution sales, and other fee-based and reimbursable programs.

The Library continues to improve its financial and management systems while placing great emphasis on ensuring the security of our staff and collections. The implementation of the Library of Congress Integrated Library System is making possible further improvements in the control of our nearly 121 million items. For the first time, the Library is tracking incoming books at the item level, which improves our control over the collections. We recognize that we need to improve further our computer and collections controls as documented in the accountability reports. We are executing corrective measures as part of our strategic planning process.

I am proud of the Library's stewardship of its financial affairs, and I commend the enclosed report to your attention.

Sincerely,

A handwritten signature in dark ink, appearing to read "James H. Billington".

James H. Billington  
The Librarian of Congress

# THE LIBRARY OF CONGRESS

## FINANCIAL STATEMENTS FOR FISCAL YEAR 2000

### TABLE OF CONTENTS

	PAGE
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>1</b>
<i>Introduction</i>	<i>1-1</i>
<i>The Library of Congress and Its Mission</i>	<i>1-1</i>
<i>Strategic Plan and Priorities</i>	<i>1-1</i>
<i>Brief History</i>	<i>1-2</i>
<i>The Library of Congress Today</i>	<i>1-2</i>
<i>Overview of Financial Statements</i>	<i>1-4</i>
<i>Key Performance Measures</i>	<i>1-11</i>
<i>Major Accomplishments in Fiscal Year 2000</i>	<i>1-13</i>
<i>Stewardship Reporting</i>	<i>1-22</i>
<i>Limitations of the Financial Statements</i>	<i>1-22</i>
 <b>FINANCIAL STATEMENTS AND NOTES</b>	 <b>2</b>
<i>Consolidated Balance Sheet</i>	<i>2-1</i>
<i>Consolidated Statement of Net Costs</i>	<i>2-2</i>
<i>Consolidated Statement of Changes in Net Position</i>	<i>2-3</i>
<i>Combined Statement of Budgetary Resources</i>	<i>2-4</i>
<i>Notes to the Consolidated Financial Statements</i>	<i>2-5</i>
 <b>STEWARDSHIP REPORT</b>	 <b>3</b>
<i>Library Collections</i>	<i>3-1</i>
<i>Bicentennial Celebration</i>	<i>3-1</i>
<i>Collections Policy</i>	<i>3-2</i>
<i>Preservation of Library Collections</i>	<i>3-6</i>
<i>Service</i>	<i>3-9</i>
<i>Collections Security</i>	<i>3-9</i>
<i>Arrearage Reduction</i>	<i>3-11</i>
<i>Financial Reporting</i>	<i>3-11</i>
<i>Estimated Quantity of Each Category of Collection Materials</i>	<i>3-12</i>
<i>Additions to the Collections - Items</i>	<i>3-14</i>

**THE LIBRARY OF CONGRESS**  
**FINANCIAL STATEMENTS FOR FISCAL YEAR 2000**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>MANAGEMENT REPORT</b>	<b>4</b>
<i>Management Assertion on Controls for the Collections</i>	<i>4-1</i>
<b>REPORT OF INDEPENDENT AUDITORS</b>	<b>5</b>
<i>Independent Auditor's Report</i>	<i>5-1</i>
<i>Independent Auditor's Report on Compliance with Laws and Regulations</i>	<i>5-3</i>
<i>Independent Auditor's Report on Internal Controls</i>	<i>5-5</i>
<i>Independent Auditor's Report on Management's Assertion About the         Effectiveness of Internal Controls Over Safeguarding         Collection Assets</i>	<i>5-11</i>
<i>Comments by Library of Congress Management</i>	<i>5-18</i>